



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Golden State Water Company on Behalf of its Bear Valley Electric Service Division (U 913 E),
for Approval of Recorded CEMA Costs and
Recovery of the Costs in Rates

Application _____

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**APPLICATION OF GOLDEN STATE WATER COMPANY ON BEHALF OF ITS
BEAR VALLEY ELECTRIC SERVICE DIVISION (U 913 E)
FOR APPROVAL OF COSTS RECORDED INTO THE
CATASTROPHIC EVENT MEMORANDUM ACCOUNT AND
RECOVERY OF COSTS VIA A RATE SURCHARGE**

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March 31, 2020

TABLE OF CONTENTS

I.	INTRODUCTION AND SUMMARY OF APPLICATION	1
A.	Introduction.....	1
B.	Summary of Application.....	1
II.	2019 WINTER STORM CEMA COSTS.....	2
A.	Background.....	2
B.	The February 2019 Storm	3
C.	Storms Incremental Costs	4
D.	Details of Incremental Costs	5
	1. BVES Labor Expenses	5
	2. Contracted Service Expenses	7
E.	CEMA Carrying Costs.....	7
III.	RESIDUAL BALANCE OF THE 2010 CEMA	7
IV.	REQUEST AUTHORITY TO TRANSFER OVER- OR UNDER-COLLECTIONS TO THE BBRAM	8
V.	FORMAL MATTERS AND PROCEDURAL REQUIREMENTS	9
A.	Legal Name and Principal Place of Business	9
B.	Correspondence or Communications.....	10
C.	Organization and Qualification to Transact Business.....	10
D.	Categorization, Hearings, and Issues to be Considered.....	11
	1. Categorization	11
	2. Issues to be Considered	11
	3. Need for Hearings	12
	4. Procedural Schedule	12
	5. Service List.....	12
VI.	BVES REQUESTS APPROVAL OF RECORDED CEMA COSTS AND RECOVERY VIA A SURCHARGE.....	13

VERIFICATION

GOLDEN STATE WATER COMPANY BALANCE SHEET AND INCOME STATEMENT

ATTACHMENT A: Bear Valley Electric Service Testimony Supporting Application (Witnesses Jeffrey Barber and Kimberly Hauer)

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I. INTRODUCTION AND SUMMARY OF APPLICATION

A. Introduction

Pursuant to Section 454.9 of the California Public Utilities Code, California Public Utilities Commission (“Commission”) Resolution No. E-3238, and Article 2 and Rule 3.2 of the California Public Utilities Commission’s (the “Commission”) Rules of Practice and Procedure, Golden State Water Company (“GSWC”), on behalf of its Bear Valley Electric Service division (“BVES”), submits this Application for Commission approval of costs recorded in its 2019 Winter Storms Memorandum Account, which is the name given to the Catastrophic Event Memorandum Account (“CEMA”) for costs related to the February 14, 2019 winter storms. These costs are not currently in rates.

B. Summary of Application

Through this Application, BVES requests that the Commission approve costs recorded in the CEMA incurred from February 14, 2019 through March 30, 2019 related to a winter storm that significantly impacted San Bernardino County and BVES’ service area, resulting in many broken and damaged distribution poles and downed electric lines. BVES requests that the

CEMA total costs of \$469,002 for the February 2019 storm plus accrued interest to the effective date of a Commission decision be recovered via a per kWh surcharge, amortized over one year. The bill impact on a typical residential customer's bill due to the surcharge would be approximately \$1.11 or an approximate 2.36% increase over current bills. Any over- or under-collection of the Commission's authorized amount of recovery of CEMA costs will be recorded in the Base Rate Revenue Adjustment Mechanism ("BRRAM") balancing account once the amortization period has been completed and all collections under the authorized surcharge have been recorded.

II. 2019 WINTER STORM CEMA COSTS

A. Background

BVES suffered significant damage to its equipment and distribution lines leading to power outages to most of its customers located within its service areas as a result of a strong winter storm that began early on February 14, 2019. The storm brought high winds and significant amounts of rain to the Big Bear area. Numerous trees weakened by years of drought fell down and damaged BVES distribution poles.

On February 21, 2019, California Governor Gavin Newsom issued a State of Emergency Proclamation for the Counties of Calaveras, El Dorado, Humboldt, Los Angeles, Marin, Mendocino, Modoc, Mono, Monterey, Orange, Riverside, San Bernardino, San Diego, San Mateo, Santa Barbara, Santa Clara, Shasta, Tehama, Trinity, Ventura, and Yolo. The Proclamation also directed Caltrans to formally request immediate assistance through the Federal Highway Administration's Emergency Relief Program and directed the Office of Emergency Services to provide assistance to local governments. BVES' service territory is located within San Bernardino County, which was included in the Proclamation.

On March 1, 2019, in compliance with Commission Resolution No. E-3238, BVES notified the Commission's Executive Director and the Director of the Energy Division that it was activating a CEMA following the Governor's State of Emergency Proclamation.

On April 5, 2019, the Commission approved BVES' Advice Letter 361-E requesting the establishment of a CEMA account, which BVES named the 2019 Winter Storms Memorandum Account ("2019 WSMA"). The purpose of the 2019 WSMA is to record incremental costs associated with: 1) restoring utility services; 2) repairing, replacing, or restoring damaged utility facilities; and 3) complying with governmental agency orders in connection with events declared disasters. Incremental costs reflect those costs that are not already recovered through rates.

B. The February 2019 Storm

In the early morning hours of February 14, 2019, BVES was hit with a significant winter storm that dropped in excess of 6 inches of rain within a 6-hour period. The rain was accompanied by sustained winds of 40 mph and gusts of 70 mph in some areas of BVES' service territory. The storm damage includes 12 poles needing to be replaced with related cross arms, wire and apparatus, and the clearing of 25 to 30 downed trees that required removal before line crews could begin repairs.

The total time from initial circuit outage to complete restoration was approximately 80 hours. BVES' crews were assisted by the following contractors:

- *Action Response Team Inc.* provides emergency crane services to help support poles until line crews could get to them;
- *Outsource Utility Contractor Corp* provides additional line crews to assist in the restoration of overhead power lines;
- *Bear Valley Paving* provides emergency construction services to assist in the restoration activities such as digging holes for replacement poles and creating berms to divert flooding that hinder restoration efforts; and

- *The Original Mowbray's Tree Service Inc.* provides emergency tree and branch removal services.

In addition, BVES experienced the loss of the Radford 34 kV line feed from Southern California Edison (“SCE”). This SCE transmission line is one of two lines that provide power to the BVES distribution system. Several poles located in the SCE service area fell down during the storm. Although the poles were replaced by SCE over the next several weeks, BVES line crews spent a significant amount of time during the storm working in and around the west side of Big Bear Lake and the downtown area so that power could be restored to surrounding businesses and residences. During the 80-hour-around-the-clock restoration effort, crews were scheduled and rotated for rest periods in such a manner that there was always at a minimum one crew working while the other crews were eating or on rest breaks. All contracted crews were released after the initial 80 hours of the restoration process.

Over the next several weeks, BVES crews completed the new installations of damaged poles and related apparatus to restore power in several areas of its service territory.

C. Storms Incremental Costs

BVES incurred the following types of expenses during the 2019 winter storms:

- BVES Line crews working double time (DT) to restore storm damages;
- BVES Administrative staff working overtime (OT) to manage customer emergency calls;
- BVES Engineering staff working overtime (OT) to provide technical assistance to line crews in the field; and
- Contractors who assisted BVES line crews during the storm and post storm restoration of service.

Table 1 below provides the total expenses of BVES line crews as well as those of administrative and engineering staff. Table 1 also provides the expenses of contracted crews, including the costs of rental equipment, and lodging that contractors have incurred in the

restoration of BVES system. The total expenses incurred by BVES for the 2019 February storm are \$444,842.

Table 1 – Total Incremental Costs

BVES labor expenses	\$166,593
Contracted services expenses	\$278,249
Total	\$444,842

D. Details of Incremental Costs

1. BVES Labor Expenses

Table 2 below provides a sample of the work date, the employee number, the pay type, the work order number, the hours worked, the hourly rate, the gross pay, and of several BVES line crews who worked double time in restoring the storm damages. The sample in Table 2 does not include the labor rates of the two administrative staff who assisted customers and crews during the storm. BVES labor costs in the amount of \$166,593 were incurred from February 14, 2019 through March 30, 2019. (See attached testimony of Ms. Kimberly Hauer.)

Table 2 – Sample Records of Hour Worked and Hourly Rates of BVES Line Crews

Work Date	Employee Number	Pay Typ	Account Number	Work Order	Hours Worked	Hourly Rate	Gross	Explanation - Remark-
2/14/2019	28231	201	404.6130.773		0.5	122.558	61.28	Doubletime
2/14/2019	28231	201	404.6130.773		7.5	122.558	919.19	Doubletime
2/14/2019	28231	231	404.6130.773		3	122.558	367.67	DT Meal Time
2/14/2019	7685	201	404.6130.672		0.5	128.218	64.11	Doubletime
2/14/2019	34206	201	404.6130.672		1.5	137.834	206.75	Doubletime
2/14/2019	34206	201	404.6130.762		3.5	137.834	482.42	Doubletime
2/14/2019	34206	201	404.6130.773		3.5	137.834	482.42	Doubletime
2/14/2019	34206	231	404.6130.762		1.5	137.834	206.75	DT Meal Time
2/14/2019	34206	231	404.6130.773		1.5	137.834	206.75	DT Meal Time
2/14/2019	40750	101	403.6110.470		6.5	49.37	320.892	Overtime
2/14/2019	59728	201	404.6130.773		8	57.126	457.01	Doubletime
2/14/2019	59728	231	404.6130.773		3	57.126	171.38	DT Meal Time
2/14/2019	41326	101	403.6110.470		7.5	49.45	370.8825	Overtime
2/14/2019	51227	201	404.6130.773		6	115.866	695.2	Doubletime
2/14/2019	51227	231	404.6130.773		3	115.866	347.6	DT Meal Time
2/14/2019	53208	201	404.6130.774		8	114.132	913.06	Doubletime
2/14/2019	53208	231	404.6130.774		3	114.132	342.4	DT Meal Time
2/14/2019	32817	101	404.6110.470		4	40.91	163.64	Overtime
2/14/2019	56809	201	404.6130.672		0.5	137.834	68.92	Doubletime
3/23/2019	37056	231	404.6130.677	70028	1.5	114.132	171.2	DT Meal Time
3/23/2019	3310	201	404.6130.677	70028	11.5	122.558	1409.42	Doubletime
3/23/2019	3310	231	404.6130.677	70028	1.5	122.558	183.84	DT Meal Time
3/25/2019	7685	201	404.6130.677	70028	0.5	128.218	64.11	Doubletime
3/25/2019	34206	201	404.6130.677	70028	0.5	137.834	68.92	Doubletime
3/25/2019	56809	201	404.6130.677	70028	0.5	114.132	57.07	Doubletime
3/25/2019	58218	201	404.6130.677	70028	0.5	114.132	57.07	Doubletime
3/25/2019	58434	201	404.6130.677	70028	0.5	72.298	36.15	Doubletime
3/30/2019	7685	201	404.6130.677	70028	10	128.218	1282.18	Doubletime
3/30/2019	59728	201	404.6130.677	70028	10	57.126	571.26	Doubletime
3/30/2019	53208	201	404.6130.677	70028	10	114.132	1141.32	Doubletime
3/30/2019	56809	201	404.6130.677	70028	10	114.132	1141.32	Doubletime
3/30/2019	37056	201	404.6130.677	70028	10	114.132	1141.32	Doubletime
3/30/2019	58218	201	404.6130.677	70028	10	114.132	1141.32	Doubletime
3/30/2019	57565	201	404.6130.677	70028	10	114.132	1141.32	Doubletime
			BVES Labor Total	Total	1,519.50		166,592.97	

2. Contracted Service Expenses

Table 3 below provides a listing of all four outside contractor invoices. The total expenses, including lodging costs, incurred by BVES in retaining these contractors are \$278,249.

Table 3 – Total Invoices of the Four Contractors Retained by BVES

GL Date	Subledger	Subledger Type	Address Number	Invoice Number	General Ledger Amount
3/19/2019	W.00070028 - CEMA 2019 Winter St	W	51606 - ACTION RESPONSE TEAM INC.	190318	1,500.00
4/10/2019	W.00070028 - CEMA 2019 Winter St	W	58705 - OUTSOURCE UTILITY CONTRACTOR CORP	11249	1,049.37
4/10/2019	W.00070028 - CEMA 2019 Winter St	W	58705 - OUTSOURCE UTILITY CONTRACTOR CORP	10963REV2	6,358.28
4/10/2019	W.00070028 - CEMA 2019 Winter St	W	58705 - OUTSOURCE UTILITY CONTRACTOR CORP	10965REV2	7,015.80
4/10/2019	W.00070028 - CEMA 2019 Winter St	W	58705 - OUTSOURCE UTILITY CONTRACTOR CORP	11250REV	7,473.38
4/10/2019	W.00070028 - CEMA 2019 Winter St	W	58705 - OUTSOURCE UTILITY CONTRACTOR CORP	10964REV2	9,292.65
4/10/2019	W.00070028 - CEMA 2019 Winter St	W	58705 - OUTSOURCE UTILITY CONTRACTOR CORP	10977REV2	16,355.04
4/10/2019	W.00070028 - CEMA 2019 Winter St	W	58705 - OUTSOURCE UTILITY CONTRACTOR CORP	10973REV2	17,022.89
4/10/2019	W.00070028 - CEMA 2019 Winter St	W	58705 - OUTSOURCE UTILITY CONTRACTOR CORP	10960REV2	21,172.28
4/10/2019	W.00070028 - CEMA 2019 Winter St	W	58705 - OUTSOURCE UTILITY CONTRACTOR CORP	10974REV2	23,712.84
4/10/2019	W.00070028 - CEMA 2019 Winter St	W	58705 - OUTSOURCE UTILITY CONTRACTOR CORP	10962REV2	24,130.60
4/10/2019	W.00070028 - CEMA 2019 Winter St	W	58705 - OUTSOURCE UTILITY CONTRACTOR CORP	10976REV2	27,051.80
4/10/2019	W.00070028 - CEMA 2019 Winter St	W	58705 - OUTSOURCE UTILITY CONTRACTOR CORP	11334	30,260.80
4/10/2019	W.00070028 - CEMA 2019 Winter St	W	58705 - OUTSOURCE UTILITY CONTRACTOR CORP	10961REV2	31,601.29
3/6/2019	W.00070028 - CEMA 2019 Winter St	W	4122 - BEAR VALLEY PAVING	2012959	1,915.00
3/19/2019	W.00070028 - CEMA 2019 Winter St	W	59420 - THE ORIGINAL MOWBRAY'S TREE SERVICE, INC	31510	3,991.61
3/19/2019	W.00070028 - CEMA 2019 Winter St	W	59420 - THE ORIGINAL MOWBRAY'S TREE SERVICE, INC	31405	48,345.20
Contractors Total					278,248.83

E. CEMA Carrying Costs

BVES' Preliminary Statement No. QQ with respect to the CEMA provides that interest shall accrue monthly. The interest rate is 1/12 of the most recent month's interest rate on three-month commercial paper published in the Federal Reserve Statistical Release, H 15 or its successor. The 2019 storm-related interest costs recorded in the CEMA through January 31, 2020 are \$7,765.

III. RESIDUAL BALANCE OF THE 2010 CEMA

D.12-06-006 authorized BVES to recover \$796,080 and accrued interest costs related to the bark beetle infestation (from June 30, 2005 through December 31, 2010) and the January 2010 wind and snow storms. These costs were recorded in the 2010 CEMA and were amortized

over 12 months. A small residual balance of \$16,394 remains in the 2010 CEMA. Therefore, BVES requests that this small residual balance be recovered in conjunction with the 2019 February storm CEMA.

The total cost to recover both the 2019 February storm CEMA, including accrued interest cost, and the 2010 CEMA is shown in Table 4 below.

Table 4 – Total CEMA Cost for Recovery

2019 February Storm CEMA	\$444,842
Accrued Interest as of 1/31/2020	\$7,765
Residual Balance 2010 CEMA	\$16,395
Total	\$469,002

To recover that amount over a 12- month period would require a per kWh surcharge of \$0.00318.

The bill impact on a typical residential customer bill would be an increase of approximately \$1.11 on monthly bill or an approximate 2.36% increase. or CARE customers, the actual surcharge rate will be \$0.00254, which reflects a 20% discount.

BVES requests that the authorized surcharge be implemented via a Tier 1 advice letter to be filed with the Energy Division within 30 days of a decision regarding this Application.

IV. REQUEST AUTHORITY TO TRANSFER OVER- OR UNDER-COLLECTIONS TO THE BBRAM

BVES requests authorization to transfer any resulting over- or under-collections, as compared to the amount authorized by the Commission to be collected, to the Base Rate Revenue Adjustment Mechanism (“BRRAM”) balancing account once the amortization period has been completed and all collections under the authorized surcharge have been booked. For example, if actual sales are 4% greater than the 12-month forecast utilized to develop the surcharge calculation, then the amount of surcharge revenues actually collected will be 4% above the authorized recovery amount. If approved, the requested authority to make such transfers to

the BRRAM will protect customers if there is an over-collection and protect BVES if there is an under-collection.

Failure to approve BVES' request for authority to transfer funds to the BRRAM would needlessly result in unamortized amounts in the CEMA collecting interest until the next CEMA-triggering event and the subsequent amortization of booked costs, which could be many years into the future. Tracking any presumably modest amount of unamortized costs (or over-collection of revenues) in the CEMA and applying interest thereon is not cost-effective, and benefits neither BVES nor its customers. Transferring to the BRRAM these presumably modest over- or under-collected CEMA amounts that have previously been reviewed and approved by the Commission is a simple and cost-effective manner to collect exactly the amount of revenue authorized by the Commission in a relatively short period of time following the initial 12-month amortization period.

BVES intends to record into the CEMA all outside costs incurred by BVES in preparing and processing this Application. BVES understands that a reasonableness showing must be made in a future proceeding before such costs may be recovered in rates.

V. FORMAL MATTERS AND PROCEDURAL REQUIREMENTS

This Application is brought pursuant to Section 454.9 of the California Public Utilities Code, Commission Resolution No. E-3238, and Article 2 and Rule 3.2 of the Commission's Rules of Practice and Procedure.

A. Legal Name and Principal Place of Business

The applicant's legal name is Golden State Water Company which is a regulated subsidiary of American States Water Company. It is a corporation duly organized and existing under and by virtue of the laws of the State of California. GSWC's mailing address and

principal place of business is 630 East Foothill Boulevard, San Dimas, California, 91773.

GSWC's main telephone number is (909) 394-3600.

B. Correspondence or Communications

Correspondence and communications regarding this Application should be addressed to:

Keith Switzer
Vice President, Regulatory Affairs
Golden State Water Company
630 E. Foothill Blvd.
San Dimas, CA 91773
KSwitzer@gswater.com

With a copy to:

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C. Organization and Qualification to Transact Business

GSWC is a corporation duly organized and existing under and by virtue of the laws of the State of California and represents the consolidation, effective on December 31, 1929, upon the order of the Commission, of some twenty corporations which were formerly operated under the jurisdiction of the Commission as public utilities, together with subsequent acquisitions and additions. The Commission authorized the implementation of a holding company structure and the formation of American States Water Company as the parent company of Southern California Water Company (GSWC's predecessor). GSWC is a public utility rendering electric service through its BVES division in the vicinity of Big Bear Lake in San Bernardino County. BVES also is licensed by the City of Big Bear Lake.

A copy of GWSC's Restated Articles of Incorporation as amended on September 16, 2005, was previously filed as an exhibit to GWSC's Application No. A.06-02-023.

GSWC's latest available Balance Sheet and Income Statement are attached hereto.

The increase sought by this Application:

- a. Is to recover authorized, incremental costs not currently in rates. This Application is not proposing any change to the rate of return authorized by the Commission in BVES' current general rate case, A.17-05-004.
- b. Reflects increased costs to BVES for the services or commodities furnished by it.

No transaction requiring the reporting of a material interest, as defined in General Order No. 104-A has occurred since the last Annual Report filed by GSWC, and except as reported therein, GSWC does not propose at present to become party to any transaction requiring a report of such material financial interest.

D. Categorization, Hearings, and Issues to be Considered

1. Categorization

Consistent with Rules 2.1(c) and 7.1 of the Commission's Rules of Practice and Procedure, GSWC proposes to categorize this Application as a ratesetting proceeding (as defined in Rule 1.3(e)). Granting the relief requested in this Application would "implement changes that would result in increased rates" as discussed in Rule 3.2(a).

2. Issues to be Considered

The issues to be considered in this Application include finding the recorded CEMA costs reasonable; authorizing recovery of the CEMA costs via a rate surcharge; and authorization to transfer any over- or under-collections in the CEMA related to the 2019 winter storms into the Base Rate Revenue Adjustment Mechanism account.

3. Need for Hearings

BVES believes the Application, coupled with the invoice summaries, and other supporting documents attached thereto, provide sufficient bases for the Commission to render a decision without the necessity of a hearing. BVES has no information at this time from which it can predict whether this Application will be protested.

If the Commission determines that hearings will be necessary, BVES respectfully requests that the matter be set for a Prehearing Conference as soon as possible, at which time evidentiary hearings may be scheduled.

4. Procedural Schedule

As required by Rule 2.1(c), an approximate schedule is set forth below:

Milestone	Proposed Date (weekend days calculated)
Application filed	March 31, 2020 (Day 0)
Protests/Responses Due	April 30, 2020 (Day 30)
Reply to Protests/Responses	May 11, 2020 (Day 40)
Prehearing Conference/Scoping Ruling	May 15, 2020 (Day 45)
Intervenor Testimony	June 15, 2020 (Day 75)
Rebuttal Testimony	July 6, 2020 (Day 95)
Formal Settlement Negotiations (if necessary)	July 9, 2020 (Day 100)
Hearings (if necessary)	
Initial Briefs (if necessary)	August 8, 2020 (Day 130)
Reply Briefs (if necessary)	August 24, 2020 (Day 145)
Proposed Decision (note that this date can be expedited depending on the need for hearings and briefing)	November 16, 2020 (Day 230)
Comments on Proposed Decision	December 7, 2020 (Day 250)
Replies to Comments on Proposed Decision	December 14, 2020 (Day 255)
Final Decision	December 17, 2020

5. Service List

The official service list has not yet been established in this proceeding.

VI. BVES REQUESTS APPROVAL OF RECORDED CEMA COSTS AND RECOVERY VIA A SURCHARGE

BVES requests that the Commission issue a decision that includes the following:

- The \$444,842 in February 2019 storm costs are reasonable;
- The \$7,765 in February 2019 storm interest costs recorded in BVES's CEMA for the period of February 14, 2019 through January 31, 2020 are reasonable;
- The \$16,395 residual balance, including accrued interest recorded in the 2010 CEMA is just and reasonable;
- The total amount of \$469,002, including accrued interest and the 2010 CEMA residual balance, is recovered in rates via a kWh surcharge over a twelve-month period;
- BVES is authorized to transfer any over- or under-collection remaining in the 2019 winter storm CEMA account into the Base Rate Revenue Adjustment Mechanism account once the amortization period has been completed and all revenues under the authorized surcharge have been booked; and
- BVES may implement the surcharge rates via a Tier 1 advice letter to be filed with the Energy Division within 30 days of a decision regarding this Application.

Dated: March 31, 2020

Respectfully submitted,

/s/ Keith Switzer

Keith Switzer
Vice President, Regulatory Affairs
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VERIFICATION

I am Vice President of Regulatory Affairs for, and an officer of, Golden State Water Company, and am authorized to make this verification on its behalf with respect to the within Application. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the forgoing is true and correct.

Executed on March 31, 2020 at San Dimas, California.

/s/

Keith Switzer

Vice President of Regulatory Affairs
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GOLDEN STATE WATER COMPANY
BALANCE SHEETS

(in thousands)	December 31,	
	2019	2018
Assets		
Utility Plant, at cost		
Water	\$ 1,700,442	\$ 1,649,535
Electric	108,425	106,064
Total	1,808,867	1,755,599
Less — accumulated depreciation	(531,801)	(551,244)
	1,277,066	1,204,355
Construction work in progress	117,676	76,737
Net utility plant	1,394,742	1,281,092
Other Property and Investments	28,212	23,263
	28,212	23,263
Current Assets		
Cash and cash equivalents	401	4,187
Accounts receivable — customers, less allowance for doubtful accounts	20,907	23,395
Unbilled revenue — receivable	18,636	17,892
Other accounts receivable, less allowance for doubtful accounts	1,857	1,959
Income taxes receivable from Parent	7,727	5,617
Materials and supplies	4,920	4,797
Regulatory assets — current	20,930	16,527
Prepayments and other current assets	4,497	5,275
Total current assets	79,875	79,649
Other Assets		
Operating lease right-of-use assets	12,745	—
Other	6,880	5,218
Total other assets	19,625	5,218
Total Assets	\$ 1,522,454	\$ 1,389,222

GOLDEN STATE WATER COMPANY
BALANCE SHEETS

(in thousands)	December 31,	
	2019	2018
Capitalization and Liabilities		
Capitalization		
Common shareholder's equity	\$ 551,188	\$ 503,575
Long-term debt	280,996	281,087
Total capitalization	832,184	784,662
Current Liabilities		
Intercompany payable to Parent	158,845	—
Long-term debt — current	344	40,320
Accounts payable	45,756	47,865
Accrued other taxes	10,640	9,911
Accrued employee expenses	12,386	11,910
Accrued interest	2,736	3,550
Unrealized loss on purchased power contracts	3,171	311
Operating lease liabilities	1,612	—
Other	9,745	9,432
Total current liabilities	245,235	123,299
Other Credits		
Intercompany payable to Parent	—	57,289
Advances for construction	63,989	66,305
Contributions in aid of construction — net	134,706	124,385
Deferred income taxes	127,806	118,241
Regulatory liabilities	23,380	44,867
Unamortized investment tax credits	1,295	1,367
Accrued pension and other post-retirement benefits	68,469	57,636
Operating lease liabilities	11,588	—
Other	13,802	11,171
Total other credits	445,035	481,261
Commitments and Contingencies		
Total Capitalization and Liabilities	\$ 1,522,454	\$ 1,389,222

GOLDEN STATE WATER COMPANY
BALANCE SHEETS

(in thousands, except share data)	December 31,	
	2019	2018
Common Shareholder's Equity:		
Common Shares, no par value:		
Authorized: 1,000 shares		
Outstanding: 165 shares in 2019 and 2018	\$ 293,754	\$ 292,412
Reinvested earnings in the business	257,434	211,163
	<u>551,188</u>	<u>503,575</u>
 Long-Term Debt		
Notes/Debentures:		
6.81% notes due 2028	15,000	15,000
6.59% notes due 2029	40,000	40,000
7.875% notes due 2030	20,000	20,000
7.23% notes due 2031	50,000	50,000
6.00% notes due 2041	62,000	62,000
Private Placement Notes:		
3.45% notes due 2029	15,000	15,000
9.56% notes due 2031	28,000	28,000
5.87% notes due 2028	40,000	40,000
6.70% notes due 2019	—	40,000
Tax-Exempt Obligations:		
5.50% notes due 2026	7,730	7,730
State Water Project due 2035	3,563	3,667
Other Debt Instruments:		
American Recovery and Reinvestment Act Obligation due 2033	3,406	3,581
	<u>284,699</u>	<u>324,978</u>
Less: Current maturities	(344)	(40,320)
Debt issuance costs	<u>(3,359)</u>	<u>(3,571)</u>
	<u>280,996</u>	<u>281,087</u>
Total Capitalization	<u>\$ 832,184</u>	<u>\$ 784,662</u>

GOLDEN STATE WATER COMPANY
BALANCE SHEETS

(in thousands)	For the years ended December 31,		
	2019	2018	2017
Operating Revenues			
Water	\$ 319,830	\$ 295,258	\$ 306,332
Electric	39,548	34,350	33,969
Total operating revenues	359,378	329,608	340,301
Operating Expenses			
Water purchased	72,289	68,904	68,302
Power purchased for pumping	8,660	8,971	8,518
Groundwater production assessment	18,962	19,440	18,638
Power purchased for resale	11,796	11,590	10,720
Supply cost balancing accounts	(7,026)	(15,649)	(17,939)
Other operation	26,336	25,334	24,877
Administrative and general	59,905	62,156	62,408
Depreciation and amortization	32,441	38,395	37,852
Maintenance	12,843	13,104	12,970
Property and other taxes	18,168	16,809	16,402
Gain on sale of assets	(88)	(8)	(8,318)
Total operating expenses	254,286	249,046	234,430
Operating Income	105,092	80,562	105,871
Other Income and Expenses			
Interest expense	(23,399)	(22,621)	(22,055)
Interest income	1,867	2,890	1,766
Other, net	3,280	784	2,234
Total other income and expenses	(18,252)	(18,947)	(18,055)
Income from operations before income tax expense	86,840	61,615	87,816
Income tax expense	20,177	13,603	34,059
Net Income	\$ 66,663	\$ 48,012	\$ 53,757

ATTACHMENT A

BEAR VALLEY ELECTRIC SERVICE

Testimony Supporting Application A. _____

**Recovery Of The Catastrophic Event Memorandum Account 2019 February Storm Costs
(Witnesses Jeffrey Barber and Kimberly Hauer)**

Application No. _____
Exhibit No. BVES _____
Date: _____
Witnesses: Jeffrey Barber
 Kimberly Hauer

BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

BEAR VALLEY ELECTRIC SERVICE
TESTIMONY

Recovery of the Catastrophic Event Memorandum Account

2019 February Storm Costs

Prepared by:
BEAR VALLEY ELECTRIC SERVICE
A division of GOLDEN STATE WATER COMPANY
630 East Foothill Boulevard
P. O. Box 9016
San Dimas, California 91773-9016

TABLE OF CONTENTS

I.	PURPOSE.....	3
II.	SUMMARY AND INTRODUCTION	3
III.	WITNESS STATEMENTS	3
A.	Statement of Witness Jeff Barber.....	3
1.	Chronology of Events.....	4
B.	Statement of Witness Kimberly Hauer.....	7
1.	Incremental Storm Mitigation Costs	7
2.	BVES Operations And Administrative Incremental Costs	8
IV.	SUMMARY AND RECOMMENDATIONS.....	9

I. PURPOSE

The purpose of this testimony is to provide support for the Application of Bear Valley Electric Service (“BVES”) requesting to recover costs recorded in its 2019 Winter Storms Memorandum Account (“2019 WSMA”), which is the name given to the Catastrophic Event Memorandum Account (“CEMA”), for costs related to the February 14, 2019 winter storms. In the Application and in this testimony the 2019 WSMA is hereafter referred to as the 2019 February Storm CEMA or the 2019 CEMA.

II. SUMMARY AND INTRODUCTION

In compliance with Commission Resolution No. E- 3238, BVES notified the Commission Executive Director and the Director of the Energy Division that it was activating a CEMA as a result of Governor Gavin Newson’s State of Emergency Proclamation for the San Bernardino County in reference to the winter storms. BVES requests that the Commission find that the incremental costs of \$444,852, plus accrued interest, recorded by BVES in its 2019 WSMA for the restoration of electric service and public safety during the emergency known as the 2019 winter storms, be found reasonable.

This testimony is sponsored by two witnesses: Mr. Jeffrey Barber, BVES Field Operations Supervisor; and Ms. Kimberly Hauer, Accounting Supervisor.

- Mr. Jeffrey Barber oversaw all emergency operations during the storm and the restoration of BVES system in the days following the storm.
- Ms. Kimberly Hauer ensured that all expenses recorded in the 2019 CEMA were incremental costs.

This testimony includes the following Appendices:

Appendix A-1: Witness Qualifications

III. WITNESS STATEMENTS

A. Statement of Witness Jeff Barber

In the early morning hours of February 14, 2019, BVES’ service territory was hit with a significant winter storm that dropped in excess of 6 inches of rain within a 6-hour period, and 10 inches of rain in some areas. The heavy rain was accompanied by sustained winds of 40 mph and gusts of 70 mph in some areas of BVES’ service territory. The storm damage included,

among other things, 12 distribution poles that needed to be replaced with cross arms, wires and associated apparatus, and the clearing of 25 to 30 downed trees that required their removal before line crews could begin repairs.

Power outages were a significant threat to public health and safety. Some BVES customers were particularly vulnerable, since they depend on electricity for medical equipment or heating. Although most BVES customers have natural gas service for heating, without electricity, many of those customers did not have heat from their furnaces because their automatic, electronic ignition lighters and/or fans were dependent on electricity.

During the storm, the BVES Customer Service department managed a high volume of customer calls. Many customers called to report outages or to ascertain when service would be restored. However, customers also reported locations of downed poles and wires. As a follow up to some calls, BVES staff contacted other emergency service providers to assist customers. In addition, as a matter of priority, BVES staff contacted customers on its Life Support list to check on their well-being. To this end, BVES staff dispatched the Sheriff to visit residents who did not respond to BVES calls. BVES also returned calls to customers to ensure that their power had been restored.

1. Chronology of Events

BVES employed the following contractors during the storms and the subsequent restoration of its distribution system:

Action Response Team Inc. This contractor provided emergency crane services to help support distribution poles until line crews could perform restoration.

Outsource Utility Contractor Corp. This contractor provided line crews to assist BVES in restoring overhead distribution lines.

Bear Valley Paving. This contractor provided emergency construction services to address storm impacts that hindered restoration activities, such as digging holes for replacement poles, creating berms to divert floodwater, and backhoe services.

The Original Mowbray's Tree Services, Inc. This contractor provided emergency removal services of trees, branches and related debris.

Areas of BVES' service territory that were significantly impacted by the storms were: Fawnskin on the North Shore of the Big Bear Lake, Moonridge residential area, and the area south of Big Bear City.

Thursday, February 14, 2019:

- At 0630 hour, the Shay 34 kV circuit recloser switched from “close” to “open”. At 0700 hour, a BVES staffer on duty (Duty Troubleman) was dispatched to assess the Shay 34 kV circuit due to high winds that were occurring at the time.
- At 0800 hour, the Duty Troubleman notified the Field Operations Supervisor (FOS) that there were three 34 kV poles leaning at a wide angle and could potentially fall onto the highway due to the extreme high winds, which were estimated at 70 mph gusts, coupled with ground saturation from heavy rain and flooding.
- At 0805 hour, the FOS dispatched two BVES crews with equipment to Baldwin Lake Road to set upright the leaning poles, which had been reported by the Duty Troubleman.
- At 0900 hour, the crew supervisor requested the service of contractor Action Response Team Inc. to bring its crane and crew to assist the two BVES pole trucks in order to set upright all three poles at the same time.
- At 1000 hour, as the storm intensified, calls into the BVES Customer Service center notifying loss of power increased significantly. Many outages of varying size occurred throughout BVES' service area due to the severe weather.
- At 1030 hour, the FOS notified the Operations Manager that additional line crew resources were needed. The Operations Manager requested Outsource Utility Contractor provide two full line crews. Outsource Utility confirmed they would send two line crews to assist.
- At 1100 hour, Operations Manager confirmed with the FOS that Outsource Utility crews were mobilizing in Anaheim and would be at BVES in approximately 4-6 hours.
- At 1200 hour, Operations Manager established the Emergency Operations Center (EOC) to supervise and manage the storm impact on BVES system and customers.
- At 1230 hour, BVES had approximately 9,500 customers without power due to various outages throughout the area.
- At 1300 hour, BVES mobilized its Assessment teams. Areas where the storm caused the

most damages to the BVES system were Fawnskin along the North Shore, Moonridge, and south of Big Bear City.

- At 1400 hour, BVES crews determined that the Radford 34 kV line feed from Southern California Edison Company's (SCE) substation in the City of Redlands was de-energized due to several broken poles in SCE's service territory.
- At 1430 hour, because of the de-energized Radford 34 kV line, which serves the Village (downtown area with many businesses and residences) and most of the south shore of Big Bear Lake, BVES crews moved their workload from the North Shore, which is less populated, to the Village area.
- At 1600 hour, the Village substation and related circuits were all energized, except for isolated feeders with damaged facilities.
- At 1600 hour, temporary repairs to the three Shay 34 kV poles and five other poles along Baldwin Lake Road were completed to render the facilities safe until permanent replacement poles and apparatus could be installed.
- At 1700 hour, Outsource Utility crews reported to the BVES FOS. A BVES inspector was assigned to coordinate the tasks of the newly arrived crews. One crew was stationed at Big Bear City, and the other crew was sent to the hard-hit Fawnskin area to restore power.
- At 1700 hour, a three-person Mowbray's Tree Service crew was mobilized to assist BVES and mutual assistance crews to clear trees and debris so repairs could be performed on the distribution system.
- At 1800 hour, BVES crews were positioned at the upper Moonridge area to restore power. BVES secured the Emergency Operations Center and shifted dispatch responsibility to the FOS. Customer calls had significantly reduced and new outages were no longer developing.
- At 2300 hour, the mutual assistance Outsource Utility crew assigned to Big Bear City was repositioned to the upper Moonridge area to assist BVES crews to restore power.
- At 2400 hour, Assessment crews were released from duty.

Friday and Saturday February 15-16, 2019

- All restoration crews continued to work on power restoration in their assigned areas.

There were numerous small outages affecting 200 or fewer customers and many of which were simply service lines being down.

Sunday February 17, 2019

- At 1600 hour, all load was restored to BVES circuits.
- At 1700 hour, all contracted crews were released from duty.

Monday February 18, 2019

- At 0730 hour, BVES crews repaired customer meter panels damaged by falling trees.
- At 1600 hour, BVES crews were released from duty, as there were no more calls from dispatch.

Tuesday February 19 through March 30, 2019

- Mowbray's Tree Service continued to clear trees and debris. BVES crews made permanent repairs to the distribution system facilities that were damaged by the storm.

B. Statement of Witness Kimberly Hauer

1. Incremental Storm Mitigation Costs

The invoiced storm mitigation costs are for the reimbursement of the Action Response Team, Inc., Bear Valley Paving, Outsource Utility Contractor, and The Original Mowbray's Tree Service crews, including their wages, meals, lodging, and equipment rental costs.

Table 1 provides a summary of the invoiced incremental expenses by contractor. These costs are incremental to BVES Operations and Maintenance (O&M) costs, which are recovered in rates.

Table 1 – A Summary of the Cost Contractors Invoices

Contractors	Cost	Invoices
Action Response Team, Inc.	\$1,500	Labor charges, equipment rental cost
Bear Valley Paving A California Corp.	\$1,915	Labor emergency rates
Outsource Utility Contractor Corp.	\$222,497	Labor emergency rates, labor charges for operating equipment, meals and lodging.
The Original Mowbray's Tree Service, Inc.	\$52,337	Labor standard time, overtime, double time rates
Total	\$278,249	

2. BVES Operations And Administrative Incremental Costs

BVES incurred \$166,593 in incremental charges from its administrative and operation staff in responding to the February 2019 Storm. To ensure that costs incurred to restore BVES' system during and after the storm were accurately captured, BVES established a separate and specific accounting sub-ledger to ensure that storm related costs recorded in this newly established account are truly incremental to other operational and administrative costs that have been authorized or are already in rates. BVES recorded linemen labor expenses and cost of meal times incurred only during double time work periods. BVES has a contractual agreement with the International Brotherhood of Electrical Workers (IBEW) regarding pay to a lineman who BVES requests to be on stand-by for a particular day, including Saturday, Sunday or holiday. The lineman on stand-by receives two hours stand-by pay at double time his/her regular straight time rate for each twenty-four hour-period during which he/she is requested to be on stand-by. On the other hand, administrative staff are not members of the IBEW, and BVES recorded administrative labor expenses only during overtime periods.

Table 2 provides a summary of BVES Administrative and Operations labor expenses that are recorded as incremental costs

Table 2 – BVES Incremental Labor Expenses

BVES Incremental Labor Expenses	Amount
BVES Administrative Labor Expenses, overtime	\$973
BVES Operations Labor Expenses, double time	\$165,620
Total	\$166,593

IV. SUMMARY AND RECOMMENDATIONS

The Big Bear Lake community has been very supportive of BVES' efforts during the storm. In spite of extraordinary circumstances, BVES effectively, expeditiously and efficiently restored power to all customers in a relatively short period of time.

The amount of overtime incurred by BVES staff was necessary and prudent, given all the circumstances at the time that decisions were made. The decision to call in contractors under existing mutual assistance agreements to help restore power to BVES customers was prudent given all the circumstances at the time that decision was made. We further believe that the timing of the release of those crews, given all the circumstances at the time that decision was made, was prudent. Finally, the \$444,842 recorded in the 2019 storm CEMA memorandum account is reasonable and the Commission should authorize such amount be recovered in rates.

APPENDIX A
WITNESS QUALIFICATIONS

Application No. _____
Exhibit No. BVES _____
Date: _____
Witnesses: Jeffrey Barber
Kimberly Hauer

APPENDIX A

TO

JEFFREY BARBER AND KIMBERLY HAUER TESTIMONY

QUALIFICATIONS OF JEFFREY BARBER AND KIMBERLY HAUER

BEAR VALLEY ELECTRIC SERVICE

Recovery of the Catastrophic Event Memorandum Account

2019 February Storm Costs

QUALIFICATIONS OF JEFFREY BARBER

My name is Jeffrey Barber. My business address is 42020 Garstin Drive, Big Bear Lake, California 92315. In 2018, BVES hired me as the Field Operations Supervisor. I am responsible for the day-to-day operations of the BVES electric distribution system. During the 2019 February storm, I oversaw the work of all contractors and I ensured that BVES's resources were allocated strategically and efficiently so power could be quickly restored. In 1979, I started my career as an Apprentice Electrician at Plant and Field Service Corporation. The company subsequently promoted me to High Voltage Electrician, and then Foremen. In 1985, I joined the City of Pasadena Water and Power Department (PWP) as Lineman. PWP subsequently promoted me to Lead Lineman, Foreman, Division Supervisor of Field Operations & Trouble Section, and Distribution & Transmission Operations Manager. By the time I retired after 33 years with PWP, I was the Assistant General Manager/Distribution & Transmission. In 2018, I came out of retirement and joined BVES as Field Operations Supervisor.

QUALIFICATIONS OF KIMBERLY HAUER

My name is Kimberly Hauer. I am the Accounting Supervisor at BVES. My business address is 42020 Garstin Drive, Big Bear Lake, California 92315. In 2014, BVES hired me for the position of Account Analyst II, and in the first year, BVES promoted me to Account Analyst III. In 2018, BVES promoted me to Contract Administrator, and I became the Accounting Supervisor in April 2019. I work closely with the Corporate Controller, Finance Manager, and Regulatory Affairs Manager in routine and confidential matters. At BVES, I supervise the functions of Accounts Payable, Property Accounting, Budgeting, Payroll Support, Purchasing, Capital Work Order Processing, Warehousing, and Facilities Management. I ensure expenses and revenues are accurately recorded in accordance with Federal Energy Regulatory Commission (FERC) uniform system of accounts. I oversee the process for procurement, contracts, requisitions and purchase orders, ensuring adherence with the Company's procurement policies and procedures. As needed, I also oversee the drafting of financial reports, budget variance reports and special studies.